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PRESS RELEASE

DATE/TIME OF RELEASE: 4/ 2/ 2001
DATE/TIME OF OCCURRENCE: 4/ 2/ 2001
NATURE OF CALL: Pyramid Scheme
LOCATION OF CALL: North Shore Lake Tahoe
CASE NUMBER:
RELEASED BY: Sgt. Jeffrey Granum

SHERIFF EDWARD N. BONNER RELEASES THE FOLLOWING:

The Placer Sheriff's Office Warns Women of Pyramid Scheme

The Placer County Sheriff's office today warns women in The North Shore Lake Tahoe Area not to fall prey to the "empowering" techniques used by a new Pyramid scheme in the area. Pyramid participation in our state is against the law, and may result in criminal or civil penalties.

We have learned of a new "Dinner Party" or "Gifting" scheme that targets women. We want to send out a warning right away. Please do not be fooled by the "gifting" terminology, the exclusive invitations, or the quick return promises. Your money is hard earned; be careful with it.

A "Gifting Circle" scheme has recently been identified as being in operation in the North Shore Lake Tahoe area. It is believed to be currently in operation in Kings Beach, Tahoe City and Incline Village. It may be called "Women Empowering Women," "the Dinner Party," "The Gifting Club," "Women Gifting Women," or "Circle of Friends."

Regardless of the exact name given, pyramid schemes are illegal. It is usually implied or stated that the scheme is perfectly legal and that an attorney has approved it. However, there is no verification submitted for this claim. In fact, promoters of such schemes have represented that in the state of Missouri the FBI has declared the scheme legal. These assertions could not be further from the truth according to the Attorney General of the State of New Mexico. If you participate in this type of scheme you'll see that they quickly collapse, leaving many with little chance of recovering their money. This is just a con game, praying on people's belief that they can make money quickly.

Pyramid schemes are illegal in California. They are a form of theft. It is mathematically impossible for everyone who enters to recover their investment let alone make a profit. It is inevitable that at some point there will not be enough new recruits in the scheme to pay back those who have already paid.

Organizers of the schemes typically avoid referring to them as pyramids and are unlikely to provide detailed descriptions of the exact process by which the money is made.

In the Dinner Party scheme individuals are invited to the table. Guests are solicited for as " little" as \$1,000.00 or as much as \$5,000.00 (for the "appetizer" or "soup and salad" level). At the "the desert" level, they promise a \$40,000.00 payoff, and guests are enticed with stories alleging a profit is returned within as little as a month. In order to achieve the promise profits; a continuous chain of participants must be recruited. That is what makes this an illegal pyramid. The scheme soon runs out of new participants and the house of cards comes tumbling down. California Penal code sections 327 and 484 prohibit endless chain and pyramid schemes. The State of Nevada also has criminal statutes prohibiting participation in these types of schemes.

Participating in such schemes where the value is in excess of \$400.00 is a felony, which could result in incarceration in state prison. If you think you have been a victim of this crime, or would like more information, please call Detective Helen Thomson at the Placer County Sheriff's Department (530) 581 - 6322.

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